

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3130
ANSWERED ON:19.08.2011
LOAN WAIVER FOR FARMERS
Ajnala Dr. Rattan Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to waive off the agricultural loans of farmers in view of recent floods in many parts of the country;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): In order to provide relief to bank borrowers in times of natural calamities, Reserve Bank has issued standing guidelines to banks. The relief measures, inter alia, include conversion of the principal amount outstanding in the crop loans and agriculture term loans as well as accrued interest thereon into term loans for periods ranging from 3 to 10 years depending upon the frequency of crop failures/intensity of damage to crops; treatment of converted/rescheduled agri-loans as 'current dues'; non-compounding of interest in respect of loans converted/rescheduled etc; moratorium period of at least one year, while restructuring; relaxed security and margin norms; fresh crop loans and consumption loans for affected farmers etc. It has also been clarified that the accounts that are restructured for the second time or more on account of natural calamities would retain the same asset classification category on restructuring. Accordingly, for once restructured standard asset, the restructuring necessitated on account of natural calamity would not be treated as second restructuring, i.e., the standard asset classification will be allowed to be maintained.